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14 March 1958

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Copy No. [REDACTED]

CENTRAL

INTELLIGENCE

BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

14 MARCH 1958

### DAILY BRIEF

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#### I. THE COMMUNIST BLOC

*JK* Summit--Soviet view: Moscow is now publicly calling for a foreign ministers' meeting in preference to "secret" diplomatic preparations for a heads-of-government conference, apparently in the hope of clinching Western agreement to summit talks without prior substantive preparation. On 10 March, Khrushchev argued that diplomatic preparations--which were previously supported by the USSR--might "torpedo" a summit meeting, whereas public opinion could "assess" a foreign ministers' session. He repeated the Soviet view that the foreign ministers should confine themselves to procedural issues.

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*JK* Yugoslavia - USSR: Yugoslav-Soviet relations are likely to take a marked turn for the worse. In preparation for their April party congress the Yugoslavs have published a new party program, aggressively reaffirming their independent road to socialism and implicitly criticizing Moscow. Such a "revisionist" program will undoubtedly be a target of the new international Communist journal which has just been established in Prague.

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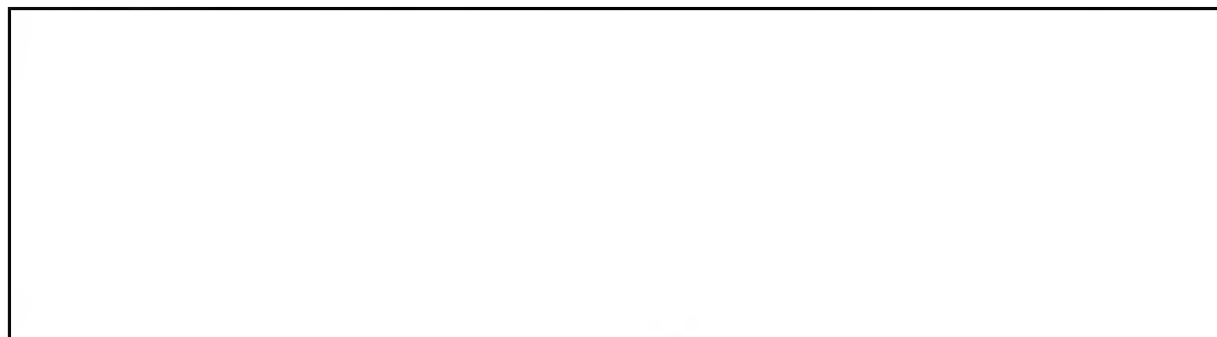
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Unidentified submarine contacts: Reports of unidentified submarine contacts in the western Atlantic continue at a higher than normal level. [redacted]

II. ASIA-AFRICA  
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Indonesia: [redacted] an amphibious attack is planned on the Padang area of the west coast of Central Sumatra for 17 March and will be concentrated near the town of Pariaman, 30 miles north of Padang.  
25X1A [redacted] (Map)

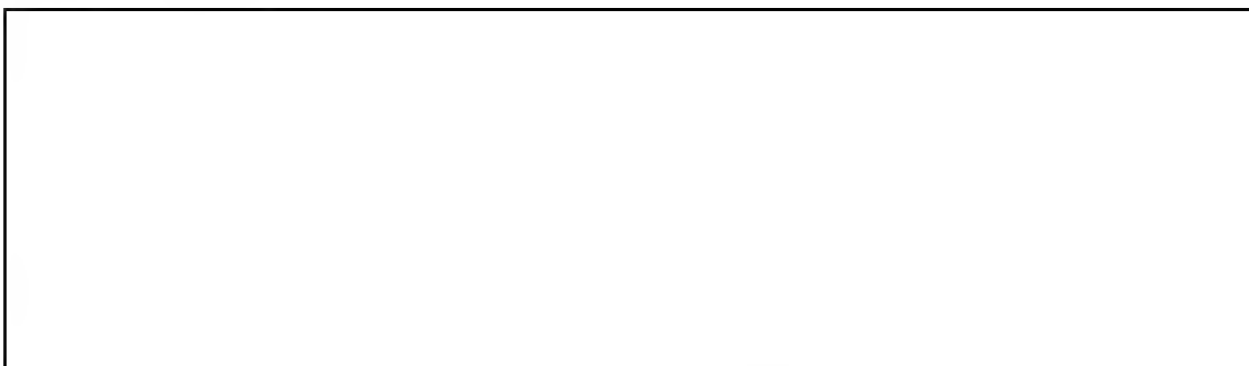
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Watch Committee conclusion--Indonesia: There is no evidence of Sino-Soviet intention to become militarily involved in the Indonesian situation. The Djakarta government is proceeding with military measures to subdue the dissidents, but an early resolution of the issue is unlikely. The general situation continues to favor the Communist position on Java and exploitation by the Sino-Soviet bloc.

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*no* Tunisia - France: President Bourguiba has publicly and privately displayed angry frustration at a recent Paris note implying continued Tunisian subservience to France in matters of defense and foreign affairs. This attitude is reflected in his implicit rejection on 11 March of Premier Gaillard's counterproposal presented by the good offices mission and in his reiteration that France must publicly accept the principle of Tunisian sovereignty over Bizerte. Gaillard is equally adamant that France cannot relinquish its claim to Bizerte.

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*no* Watch Committee conclusion--Middle East: A deliberate initiation of hostilities in the Middle East is considered unlikely in the near future. Serious incidents could arise, however, from continuing border tensions, inter-Arab political frictions, or the possible formation of a Palestinian state in Gaza.

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Taiwan - Japan: The Chinese Nationalists abruptly broke off trade negotiations with Japan on 13 March because of a

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recently signed Japanese - Communist Chinese trade agreement. They have lodged a strong protest with the Japanese Foreign Ministry, and Chiang Kai-shek has sent Prime Minister Kishi a personal letter of protest. Taipei plans to recall its ambassador to Tokyo if these steps are not effective.

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(Page 10)

*OK*  
New Indian finance minister: Morarji Desai, newly appointed Indian finance minister, is generally regarded in India and elsewhere as one of the most likely candidates for the prime ministership when Nehru dies or retires. He has had virtually no financial experience but is one of the ablest administrators in the country. V. K. Krishna Menon, who aspired to the Finance Ministry, presumably could not overcome strong objections from other cabinet ministers.

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### III. THE WEST

*76*  
Britain: London now plans to reduce its troops in Germany to 45,000, and Foreign Secretary Lloyd has warned that a complete British withdrawal could occur if Germany refuses to contribute to the cost of maintaining British forces. Britain now has 63,500 troops in Germany and is conditionally committed to keeping 55,000 there in the coming year. The planned reduction to 45,000 would heighten Continental suspicions of British intentions toward defense of the Continent.

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25X1A [REDACTED]

*OR* Colombia: The 16 March congressional elections, the first since last May's overthrow of the Rojas dictatorship, may be marked by considerable violence, despite the military junta's precautionary measures. [REDACTED]

[REDACTED]

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DAILY BRIEF

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## I. THE COMMUNIST BLOC

### USSR Actively Calling for Foreign Ministers' Session

Soviet party chief Khrushchev told Polish journalists on 10 March that a foreign ministers' meeting is a "better" way to prepare for summit talks than "secret" negotiations through diplomatic channels. He said Moscow is looking to "public opinion" to force the West into a heads-of-government conference, and argued that the progress of a foreign ministers' meeting can be "followed by the public." Khrushchev reiterated, however, that the foreign ministers should confine themselves to the preparation of an agenda and other procedural matters for a heads-of-government conference.

Premier Bulganin's letters to President Eisenhower in January and February had flatly opposed a meeting of foreign ministers on the grounds that it might raise "additional obstacles" to summit talks. After the West appeared willing in early February to prepare for a summit meeting either through diplomatic channels or in a foreign ministers' session, Moscow in its aide-memoire of 28 February said it would accept the principle of such a meeting in response to Western "wishes." In his interview on 10 March Khrushchev rationalized the Soviet about-face by maintaining that, if a foreign ministers' meeting fails, the Soviet Government will have been proven "right" in pointing out the "miserable chances" of this method of preparation for a heads-of-government meeting.

Moscow almost certainly will exploit the Khrushchev interview as a concession to Western views and as a demonstration of the Soviet Union's flexibility and interest in bringing about a summit conference. [REDACTED]

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Yugoslav-Soviet Relations

The uneasy state of Yugoslav-Soviet relations will be further strained as a result of Belgrade's publication of its party program--an aggressive statement of its views on the "development of socialism" which is to be the basis for discussions at the Yugoslav party congress in April. While neither Moscow nor Belgrade would favor the reopening of polemics, mutual sensitivities over differences on "socialist development" are such that an open theoretical debate could quickly degenerate into an exchange which would again disrupt Yugoslav-Soviet relations.

The new international Communist theoretical journal established in Prague on 11 March will undoubtedly be used by Moscow to counter forms of "revisionism," such as enunciated in the Yugoslav program, to tighten international Communist ties and to coordinate activities of the various parties more closely. Belgrade and Warsaw have steadfastly opposed the re-establishment of any such publication. Those "fraternal" parties--such as the Polish, Yugoslav, and the Italian--which did not attend the meeting, will be free to adhere or participate in any manner they consider appropriate in the publication or its work.

The new journal apparently is not to be the organ of a revived Cominform. It will probably carry less authority than the old Cominform journal, a weekly newspaper supporting a central organization which embraced all the satellite Communist parties. [REDACTED]

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Unidentified Submarine Contacts in the West Atlantic

American and Canadian antisubmarine forces have reported a large number of unidentified submarine contacts in the western Atlantic well outside US territorial waters from Nova Scotia to Cape Canaveral since 5 March. Two of these contacts have been evaluated as probable submarines and 12 have been evaluated as possible submarines.

It is likely that many of these contacts were made on the same targets at different times and places. The greatly increased surveillance effort of the past several weeks also could be expected to produce a high number of reports.

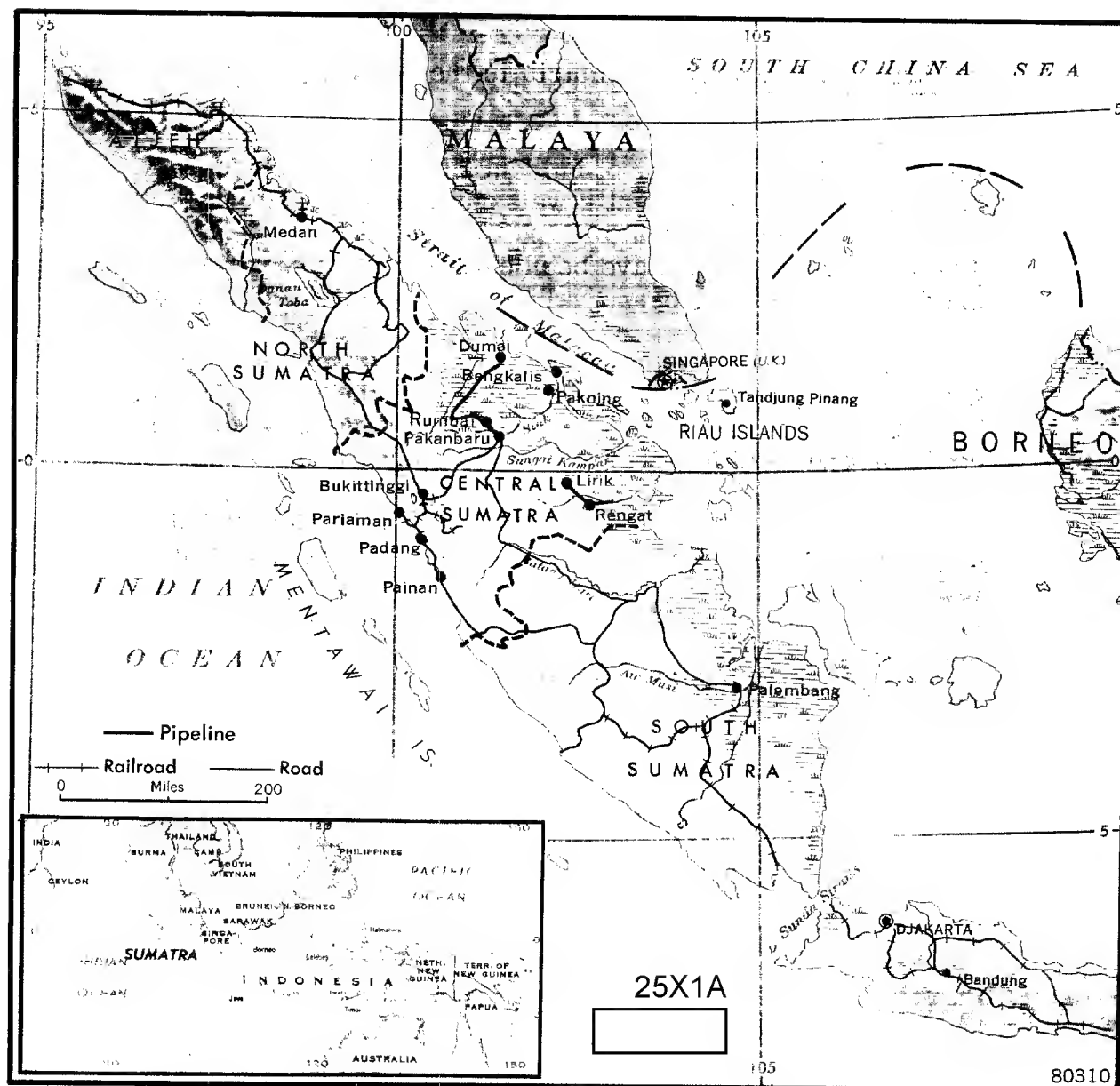
At present eight contacts off Nova Scotia, Nantucket, Cape May, and Cape Canaveral, are under investigation.

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## II. ASIA-AFRICA

### Situation in Indonesia



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Although Djakarta army leaders hope for a quick defeat of the Sumatrans and are counting on defections among the dissidents, they believe they will need three months to gain complete control over major centers and towns in the area. [redacted] army leaders expect at least some of dissident leader Hussein's supporters to retire to the jungle and to begin a long period of guerrilla warfare.

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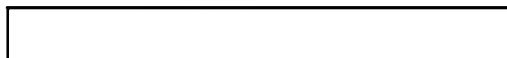
President Sukarno, meanwhile, has charged that the Central Sumatran rebellion was being "manipulated by foreign powers" in an effort to "drag Indonesia, or part of it, into one of the world blocs." [redacted]

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Tunisian President Again Bids for Anglo-American Backing

President Bourguiba has privately and publicly displayed angry frustration at a recent note from Paris implying that Tunisia remains subject to French control in matters of defense and foreign affairs. This attitude is reflected in his rejection on 11 March of Premier Gaillard's counterproposal to the good offices mission that France might evacuate some of its troops but could not relinquish its claim to the base at Bizerte. In his 11 March conversation with the good offices mission, Bourguiba was distraught and at times incoherent. While Bourguiba will accept an early partial evacuation, he also demands that France publicly acknowledge the principle of Tunisian sovereignty over Bizerte.

Bourguiba intimated that essentially he desires Anglo-American backing in his controversy with France. He made this point more forcefully in a radio speech on 13 March in which he demanded that the United States and Britain "make up their minds... and say which side is right." He also canceled celebrations to commemorate the second anniversary of Tunisian independence on 20 March, and indicated a willingness to order military action against the French troops.

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Nationalist China Protests Japan-Communist China  
Trade Agreement

Nationalist China's decision to break off trade negotiations with Japan is intended to induce the Japanese Government to withhold approval of the trade agreement privately signed with Communist China on 5 March. If this move fails, the Nationalists intend to withdraw their ambassador from Tokyo. The Kishi government probably will attempt to assure the Nationalists that closer trade relations with mainland China do not constitute recognition of the Peiping regime.

The sharp Nationalist reaction probably stems from fears that neutralism, which ultimately will contribute to international isolation of the Nationalist Government, is developing in Japan. Foreign Minister Yeh revealed his anxiety about Japan's China policy last summer to American officials and mentioned his alarm at the growing commercial relations between Japan and Communist China. Yeh has instructed the Chinese Nationalist Embassy in Tokyo to protest any permission for the Chinese Communist trade mission to fly the Communist flag.

Japan is the major recipient of Taiwan's sugar and rice, the main source of Nationalist China's foreign exchange. Two-way trade last year totaled \$141,000,000. Even if the customary barter agreement between Taiwan and Japan is not concluded this year, individual contracts may be negotiated to continue the flow of goods. The Nationalists may seek to restrict this trade to bring pressure on Japan, but only as a last resort.

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### New Indian Finance Minister Appointed

Sixty-two-year-old Morarji Desai, who became Indian finance minister in a general cabinet shuffle announced on 13 March, is a moderate socialist and a devout Hindu. He has risen rapidly since 1956 from the post of chief minister of Bombay State, through the Commerce and Industry Ministry, to the important Finance Ministry. His new appointment is a promotion, but the post is one of the most difficult in the Indian cabinet. Desai, despite a lack of financial experience, may prove successful in his new job because of his widely recognized administrative talents and the fact that basic Five-Year Plan financial policies are already fairly well established.

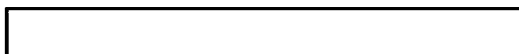
Despite his promotion, Desai may have lost a covert battle for power with his senior in age and experience, Home Minister Pant. Apparently both men recognized the complexities of Indian financial problems and felt that the Home Ministry was a better steppingstone to the Prime Ministry. Desai, therefore, is rumored to have tried to force Pant into the Finance Ministry. [REDACTED]

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### III. THE WEST

#### Britain Plans Further Cuts of Forces in Germany

Britain's present plan to maintain on the Continent five brigade groups totaling 45,000 men from 1959 to 1961 represents a further reduction of 10,000 from the number the WEU Council approved in January for the coming year. British planners regard this as the appropriate proportion for the Continent of the total future armed forces of 375,000 by 1962.

Foreign Secretary Lloyd told German Foreign Minister Brentano on 6 March in Rome that failure to solve the support cost problem would force a complete or major withdrawal of British forces from Germany. That warning, and British press speculations on a 35,000-man reduction, appear to reflect the Treasury view that even the 45,000 may be more than London can afford.

The present plans and threats of complete withdrawal will intensify European suspicions of Britain's long-term intentions toward defense of the Continent and thus indirectly further impede London's efforts to establish a European free trade area. General Norstad has warned the British that such an advance decision on the cut would subject Britain to criticism from its allies for acting before approval of this year's special study of minimum forces essential to NATO over the next five years, and would also adversely affect the Western position in any negotiations with the USSR.

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The Colombian Congressional Elections

With the approach of the 16 March Colombian congressional elections, the first since the overthrow of the Rojas dictatorship last May, the political situation is becoming increasingly restless. A recent increase in violence and banditry resulting in more than 300 killings a month in the provinces, a week-long student strike in Medellin, and a three-hour riot in Bogota between moderate and rightist Conservatives over the selection of a unity presidential candidate presage further violence during the elections. The government is still considering the suspension of elections in areas of the greatest unrest and has banned all political meetings or demonstrations before 17 March.

The congressional elections will be carried out in conformity with the plebiscite which overwhelmingly approved the constitutional amendment establishing a parity of Liberals and Conservatives in the government for 12 years. The conduct of the elections will to a degree forecast the possibility of bipartisan political cooperation and prospects for political stability. Junta member General Ordonez has admitted that the presidential election scheduled for 4 May could conceivably be postponed if the political parties cannot agree on a joint presidential candidate.

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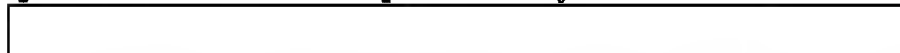
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Watch Committee conclusion--Middle East: A deliberate initiation of hostilities in the Middle East is considered unlikely in the near future. Serious incidents could arise, however, from continuing border tensions, inter-Arab political frictions, or the possible formation of a Palestinian state in Gaza. [redacted]

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